

# WHARTON *on...* Women in Leadership



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# Women Leaders

While the glass ceiling is still a part of the corporate architecture for many women, others have met with great success, rising to positions of power within their industries. Most would admit that it hasn't been easy, but they have managed to turn challenges into opportunities to showcase their talents and create value for their companies. What are the critical survival skills for women in today's workplace? What are the challenges that women leaders face? And how important is the elusive balance between work and family? The following articles from *Knowledge@Wharton* feature women business leaders who address these issues and more.

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## ICICI's Chanda Kochhar: "Whenever There's a Challenge, I See an Opportunity"

ICICI is India's largest privately owned bank. Chanda Kochhar, ICICI's joint managing director and chief financial officer, has helped shape the bank's ever-evolving strategy. Wharton management professor Michael Useem spoke with Kochhar in January 2008 at the World Economic Forum in Davos about the leadership challenges she has faced in her two decades as a banker.

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## Citigroup's Sallie Krawcheck Talks about Leadership, Ethics, and How to Survive on Wall Street

For Sallie L. Krawcheck, chairman and CEO of Citi Global Wealth Management, success means having a thick skin, learning to take rejection, being lonely, working hard, feeling superstitious, showing self-confidence but not arrogance, and always reporting the right numbers. And that's just for starters. Krawcheck spoke at Wharton as part of the school's Leadership Lecture series.

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## For Estee Lauder's Thia Breen, a Successful Career Is Made Up of "People, Passion, and Performance"

In her keynote address at the 28th Annual Wharton Women in Business Conference in Philadelphia, Thia Breen, president of Estee Lauder Americas and head of Global Business Development, told the audience that she was nearly fired from her first job. "That was the moment I started to understand: I am totally responsible for my own success," said Breen, whose first job out of college was unloading shipments of toys at Marshall Fields.

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### A Piece of Cake? Hardly, but Autumn Bayles Helped Herself, and Others, Rise to the Top

Following the sudden departure of a supply chain executive a few years ago from Tasty Baking Company in Philadelphia, chief information officer Autumn Bayles asked if she could fill the gap. She succeeded, taking on many of the former executive's tasks. Volunteering for new responsibilities and continuously growing in the job were two of the suggestions that Bayles, now senior vice president of strategic operations, offered her audience at a recent Wharton Women's Conference.

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### The Feminine Touch: Looking for Talent Without Distinguishing Between Genders

According to Nuria Chinchilla, a professor at IESE Business School in Madrid, women are continuing to use their special talents—their "feminine genius and energy—to transform society and modern companies" during the 21st century. Chinchilla and other leaders from academia, business, and politics discussed the status of women in the workplace during an international conference on "Women, Enterprise, Society in the Twenty-first Century."

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### Audio Instructions





# ICICI's Chanda Kochhar: "Whenever There's a Challenge, I See an Opportunity"

**WHEN IT WAS FOUNDED MORE THAN** half a century ago by Indian industrialists, the World Bank, and the Government of India, ICICI was envisioned as the first development bank for a newly independent nation. Today, ICICI is India's largest privately owned bank with assets of nearly \$80 billion last year, and an expanding global reach. The group's story is not just one of growth, but of transformation: ICICI has evolved from a development bank to become a corporate and then a retail bank, meeting the needs of a newly prosperous population.

Chanda Kochhar has helped shape the bank's ever-evolving strategy. Having started out at ICICI as a management trainee in 1984, today she is ICICI Bank's joint managing director and chief financial officer—and is also widely regarded as a leading contender for the CEO's position in the future. Wharton management professor Michael Useem spoke with Kochhar in 2008 at the World Economic Forum in Davos about the leadership challenges she has faced in her two decades as a banker.

**USEEM:** What are the major leadership qualities that helped you grow within ICICI during the past two decades?

**KOCHHAR:** The organization has grown and evolved substantially in these last 20 years. Normally, we define banks as being either retail or corporate, but ICICI transformed itself from a corporate bank into a retail bank, and now a universal bank. So although I've been with the same organization for the last 20 years,

I've created and run different businesses. I joined on the corporate side of the bank. Then, when infrastructure financing became a big thing in India, I set up the infrastructure-financing practice for the bank. When commercial banking opened up for the private sector, I set up the retail-banking division for ICICI and grew it substantially. I then ran the international side of the ICICI Bank for a few years. Having run all the businesses, I'm now a supervisor, overseeing a number of functions: finance, risk, audit, compliance, industrial relations, all those kind of things. It's been a great journey for me.

**USEEM:** Some people would find those transitions daunting: Moving from retail banking to commercial or investment banking. When you considered each of these new assignments, were you worried about mastering the new areas?

**KOCHHAR:** I moved from corporate banking to retail banking about ten years ago. The biggest challenge for me, for all of us, was that the consumer-credit market was very, very new for India and for ICICI. I was trying to create something that was not just new for me but absolutely unknown to the organization and the country as a whole.

I was running the corporate side of the bank and handling almost 50 percent of its profits and assets and business at that time; consumer credit was less than one percent of the bank's business. When my CEO asked me to take over the consumer credit business, I asked, "Why should I move from handling 50 percent of the bank to handling one percent

of the bank?" I clearly remember him answering: "Because I want you to make this business more than 50 percent of the bank." And that did happen.

On a personal level, it wasn't always easy. But as a leader, I think you need to be, first of all, adaptable, so you can quickly understand and move forward in new business situations. Second, you need to treat each challenge as an opportunity. I treated this challenge as an opportunity, not just to learn for my own development but also to create something new for the organization.

**USEEM:** In 1998, ICICI created a major-clients group to handle relationships with the bank's top 200 clients. You headed that effort, setting up cross-divisional teams to market the bank's products. What lessons about internal teamwork and marketing did you gain from that experience?

**KOCHHAR:** At that time, we had a bank, a securities company, and various other companies, so each of us was going to the same corporate customer and marketing different products. The idea was to set up this group to handle relationships with all clients and to draw on the experience of all the product groups internally. I was purely a corporate banker at that time, with no experience of investment banking or commercial banking. So, first, I had to create a team, and I created one with eight members drawn from the different parts of the ICICI group: investment banking, the securities business, commercial banking, and so on. I organized our work so that while each member of our team handled

clients, we met every morning and every evening to exchange notes. I learned it is possible to quickly share knowledge and ideas with each other, rather than sitting on a pedestal, saying, "I'm the boss, and I'm not here to learn from anybody."

**USEEM:** In mid-2000, you led ICICI Bank's foray into the retail industry. How did you go about formulating your strategy to enter and grow that business?

**KOCHHAR:** As I said earlier, the retail industry itself was very, very small in India at that time. The first strategic question was whether to plan for a big-scale business or a small-scale one; we had to guess whether this industry was going to grow significantly for the country or not. We knew this: If per-capita income crosses say, \$500, there is a shift in consumer behavior, which results in a huge amount of consumer spending and consumer borrowing. Then we made the strategic call, saying, "India is passing through that phase,

and therefore this industry is going to be a big one. Let's plan not for the small size the industry is today, but for what the industry is going to be five years from now." Clearly, many people were skeptical, saying we were creating a scale that may never be used. But, as it turned out, this industry grew by more than 50 percent per annum, year on year, for many years.

The other strategic challenge was that the business was very new for ICICI itself. I had to create a team of people who had worked in this industry for other banks. What I brought to that team was ICICI's strategic thinking, but when it came to domain knowledge or product nuances, I had to learn from the team. In that way, I was a kind of a leadership bridge between ICICI's way of thinking on the one hand and the domain knowledge of the team on the other hand. I had to arrive at decisions not based on past experience, but on a mix of their domain knowledge and my gut feel.

**USEEM:** As you look now at 2008, how does the year ahead look in light of the

world economies hitting a speed bump, or worse?

**KOCHHAR:** Let me put India in perspective. In the last five to seven years, India has grown on the basis of its knowledge economy and consumerism. The IT industry, and its related industries, provided jobs for Indians. As Indians earned more, they spent more, and that's how consumerism drove economic growth as a whole and also led to a huge growth in the retail-credit and consumer-credit business in India. As we speak today, this growth in consumerism is leading to a huge investment cycle in India. Because manufacturing capacities have been fully utilized, and infrastructure needs to be

established, people are now investing in manufacturing capacities and infrastructure. I estimate the Indian corporate sector has plans today to invest about \$700 billion in manufacturing and infra-

structure, which will be spent over the next three years.

The next wave of growth for India is going to come out of capital investment. While growth for the retail and consumer industry is going to be between 10 percent and 15 percent, the growth in corporate lending will accelerate and be between 30 percent and 40 percent. In the last four or five years, the growth was essentially driven by consumer credit. Now the growth is going to be driven more by investment cycles and corporate credit.

**USEEM:** ICICI has set itself a goal of not only becoming a global bank but also becoming a top-25 bank, or even a top-10 bank in the next five to 10 years. What is your strategy for getting there?

**KOCHHAR:** The strategy is two-fold. One, India-related growth is really going to let us grow. The Indian banking sector is growing at a rate not matched by many banking sectors the world over. Two, we're going to capitalize on the globalization of the Indian

economy. As our Indian corporate sector acquires companies abroad and sets up manufacturing capacities abroad, we have positioned ourselves very effectively in terms of setting up a global network: We are already assisting our Indian corporate sector in global ventures.

Over and above this, we're going to become big as a group, because our subsidiaries are creating a lot of value for us. We have subsidiaries in life and non-life insurance, securities, private equities, and so forth. As we aspire to get into the top-25 and top-10 league, organic growth is coming to us very well from the Indian economy's growth and globalization. When we feel the time is right, we will look at some inorganic growth as well. It's going to be a mix.

**USEEM:** What steps are you taking now to anticipate challenges five to 10 years down the road, the slowdown in the world economy being the most obvious? How can you anticipate and be ready for such hurdles?

**KOCHHAR:** Challenges could come for India, or for the bank, so I will break this up into two. As far as India is concerned, we are watching very closely whether the current world economic scenario will impact India and by how much. In the globalized world of today, no country remains immune to what happens elsewhere, but at the same time, India is very resilient because of the sheer fact that the domestic economy is very large. India's reliance on the global economy in terms of exports is also less than that of many Asian economies. So while I would not say India will remain totally insulated, I will say India's resilience is much higher than many other Asian economies. The fundamentals of the Indian economy will continue to drive its growth for a long period.

Thinking about ICICI as an organization five to 10 years from now, as a leader I have to make sure as we grow and become more successful that we don't become complacent. We have to continue to innovate in order to keep ahead of others in the race. It's not enough to become a leader: You must maintain that leadership, and therefore, you have to ensure the culture's

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“I have to make sure as we grow and become more successful that we don’t become complacent. We have to continue to innovate in order to keep ahead of others in the race.”



“While many women have moved forward in ICICI, they have done so because they have worked as hard and as many long hours as men have. That’s the way going forward.”

innovation, energy, and competitiveness doesn’t get lost.

**USEEM:** Looking back on your two-plus-decade career at the bank, what are some of the biggest leadership challenges you have faced personally? What did you take away from those moments?

**KOCHHAR:** All my challenges have become opportunities. As India evolved as a country in these 20 years, ICICI as an institution evolved substantially. If I was not a person who could adapt and move with this evolution, I would not have grown as a leader. The constant challenge is to keep evolving and adapting as the country and the company evolves. Moving from corporate banking to retail banking to international banking to supervisory roles has meant completely reinventing myself. But every move fed on the previous one. When I moved from corporate to consumer banking, brought a lot of synergy with me. When I moved from consumer banking to international banking, I thought I brought a lot of insights from India we could implement globally. Now that I’ve moved to the supervisory role, having run all the businesses, I’m able to appreciate the challenges of a business in a much more rational manner. So, adaptability was a big challenge for me personally, but this opportunity to handle all sides of the bank—globally, I can’t think of many bankers who have had this opportunity.

**USEEM:** You’ve managed to look upward and not see a glass ceiling above you as you moved up in the bank. Is there still a glass ceiling for women in banking and, more generally, in business in India?

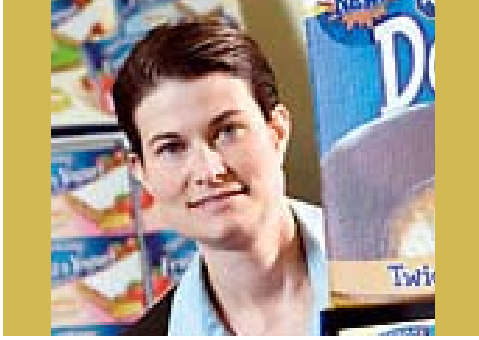
**KOCHHAR:** India has evolved a lot in this aspect in the last 20 years. When I started my career, there were clearly some industries and some companies where we, as “lady students,” would not even apply, because we knew there was a glass ceiling and we would not move forward. But now I see an intentional consciousness in all Indian corporations to recruit women executives. They have learned that diversity has its advantages, and that it’s better to be a merit-oriented organization and use the talent available, regardless of whether it comes from a male or a female.

Even ICICI was very different 20 years ago. When I entered that group, I thought it was one of the most proactive groups, in the sense that it has always been a merit-oriented organization. Every time there’s an opportunity, a job to be assigned, the organization doesn’t look at whether the right person to do it is male or female, the organization just hands over that responsibility to the person most suited to the job. The rewards and punishments are based on performance and not on gender. I have experienced that, and that has enabled me to grow and move in this organization.

But this is a two-sided coin. While many women have moved forward in ICICI, they have done so because they have worked as hard and as many long hours as men have. That’s the way going forward. Organizations should look at merit and not discriminate based on gender. Similarly, women should not expect any special advantages or favors. If they want to grow, they have to put in the hard work and the hours and the travel that’s required.

**USEEM:** Looking back on your own career, what advice would you have for a young person entering banking today? Or business more broadly?

**KOCHHAR:** A person should enter their career with a very open mind, because you have to constantly learn. When we leave school, we tend to believe we know it all. But when we start to work, that’s really the beginning of school all over again. We need to start work with the idea that we’re going to learn every day. My second piece of advice would be that there is no substitute for hard work. Even as one gets opportunities, one gets challenges, and hard work is essential for success. Third, whenever there’s a challenge, I see an opportunity in it: You have to find a way of converting challenges into opportunities. That’s the way one learns and moves forward. I evaluate a leader more in terms of how the leader performs in difficult times, rather than how that leader performs in easy times. A person who can take on a challenge and maintain equanimity and turn it into an opportunity—according to me, that’s the biggest leader. ■



# A Piece of Cake? Hardly, but Autumn Bayles Helped Herself, and Others, Rise to the Top

## IN 2005, ABOUT TWO YEARS AFTER

Autumn Bayles became the first chief information officer at Tasty Baking Company, a supply chain executive quit the company.

“As a part of my technology work, I was very involved with that side of the operation,” said Bayles, who was hired to be part of president and CEO Charles Pizzi’s turnaround team. “I raised my hand and said, ‘Why don’t you let me do this?’ ” After some deliberation, Tasty Baking executives divided up the former executive’s responsibilities, giving Bayles a share. “I was grateful for what I got. I dug in and did it to the best of my ability. Then they gave me another piece, and finally they gave me the whole thing. So raise your hand, ladies and gentlemen, because that’s the way you’re going to get the opportunities you want,” said Bayles, who is now Tasty Baking’s senior vice president, strategic operations. “It’s not always going to be handed to you.”

Bayles was keynote speaker at the recent Wharton Women’s Conference whose theme was “Make Your Mark” — a slogan that Bayles addressed directly at one point during her presentation. “When I think about ‘making your mark,’ I want to be CEO of a big corporation. That doesn’t mean I want to work 20 hours a day.... Anecdotally, I want my picture in the *Wall Street Journal*, one of those little pencil drawings. And I don’t want to be there for the wrong reason.... I want to run a company in such a way that people say, ‘Gee, she really does a great job.’ ”

That said, coming to Philadelphia, Pa.-based Tasty Baking Company was “certainly not what I had in mind when I graduated from Wharton,” said Bayles, who earned an undergraduate degree from Lehigh University and an MBA from Wharton. Prior to joining Tasty Baking Company, she was managing principal consultant for IBM Business Consulting Services, and before that, held the same position for PwC Consulting (acquired by IBM Consulting Services in 2002). She held a variety of other consulting jobs between 1992 and 2001.

She took the Tasty Baking CIO job because of her fondness for the city of Philadelphia — and for Tastykakes. “They are an icon in Philadelphia. I love to eat, and I love Tastykakes.” It was “also about making my mark.” In 2003, despite a loyal brand following, the Tasty Baking Company was in deep trouble, “almost bankrupt,” said Bayles. “I could toil away doing what I was doing [at IBM], or I could work with a team of people and turn a small company around and really bring that company back to life.” Resuscitation was definitely needed. The company — a leading baker of snack cakes, pies, cookies, and donuts with close to 900 employees and sales of approximately \$170 million — had seen its operating margin drop to -4.9% in 2002, down from 7.9% in 2000. CEO Pizzi was quoted as saying

that “Tasty Baking’s system and processes resembled that of a 1975-ish company.”

In addition to the need for a turnaround, Tasty Baking Company presented Bayles with a huge challenge of a different kind. In November 2004, the company went “live” on a new, mySAP-based enterprise resource planning (ERP) system that tied together all its core processes: finance, logistics, production, sales and distribution, plant maintenance, inventory, and warehouse management. It was a radical change in both IT infrastructure and business processes for the (then) 90-year-old company.

Under this new system, veteran

employees — including many who hadn’t had much, if any, experience with computers — were required to use them on an hourly basis. Bayles headed up the transition. She and her team had aggressively vetted the technology, developing manuals for every functional

role and training “SAP power users” in each functional area. But it wasn’t enough to fully address the problems generated by a technology-centric, company-wide process change.

“It was a month of rough times,” Bayles said, recalling the early reports coming in about things not working, employees not

“Raise your hand, ladies and gentlemen, because that’s the way you’re going to get the opportunities you want.”

understanding what they were supposed to do and Tastykakes not getting out to the field. “I tried to maintain my calm,” she said. “These people were in a panic, too. If I’m flipping out, all hell was going to break loose.” Bayles quickly gathered her team to identify problems and possible solutions, and called in extra help to support the workforce as it made the transition to the new system.

After briefing the Tasty Baking’s executive staff, Bayles and her team worked to calm and focus the company. “We laid out the plan [explaining] how we were going to address the problems,” Bayles said, adding that she emphasized, “This is not a one-day fix. People were like, ‘OK, maybe the world is not coming to an end.’ Cakes started coming off the line... and one by one, [employees] started to get it. They weren’t afraid of the mouse. They weren’t afraid of the computer. It felt better. Then they got good at it. Now they

are fantastic at it. Meanwhile, I wanted to kill myself,” she joked.

Beyond the bottom line, the next major challenge facing Bayles and the Tasty Baking workforce is the relocation of the company’s Philadelphia operations—currently housed in a six-story manufacturing facility built in 1922—to a new state-of-the-art bakery and “green” corporate headquarters in the Philadelphia Navy Yard, a commercial and industrial development center in south Philadelphia. Construction is slated to begin in late 2008. Tasty Baking Company expects the facility to be fully operational in 2010. Transitioning to the new facility will eliminate approximately 215 positions.

Bayles said that when she talks to Tasty Baking employees about the relocation, she tells them: “It’s going to be rough, but we’ve done this before. I need

your help.’ And they are like, ‘Yeah, we can do it!’ That experience [the IT transition] prepared us for this new project.” Ultimately, she noted, “There’s no magic” to business success. “I think it’s very simple: Treat people with respect. Be good at what you want to do. Volunteer.... I’m very grateful for where I have been able to get in my career. It wasn’t easy.” ■

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## Getting the Buy-in

The IT transition re-affirmed Bayles’ belief in the value of being “honest and upfront” in business. When faced with problems, you “figure out what they are, fix them and fix them fast,” she said. In addition:

▶ **FOLLOW YOUR PASSION**

“Do what you love. Money is not the most important thing in the world. If you follow your passion, do what you love, the money always, always follows.” Passion helps buoy a person through difficult or mundane times, she said, “because you believe in the long-term goal at the end of the road.”

▶ **ALWAYS BE THE BEST**

“No matter what you’re doing—whether it’s making copies or checking page numbers—always do your best work. Always exceed expectations.... If you’re fantastic, it’s hard for people to not notice you. It also minimizes obstacles.” She raised the question of whether women have to be better than men in order to progress. “My answer is, ‘It depends,’” she said, adding that she has experienced cultures, companies, and people for whom gender does not matter. But “I would be naïve to say that I have never noticed a situation where that was the case.... If you’re the best, it takes that away and makes it irrelevant.”

▶ **ALWAYS BE NICE**

One should treat people how they want to be treated, Bayles said. “For you to understand that, you have to understand the person’s motivation [and] agenda.... Be appreciative,” she added. “I always make sure I thank everybody for what they do, because without those people, I could be a failure.”

▶ **SEEK HELP**

“Seek help from mentors, help from networking organizations, peers, colleagues,” said Bayles. “A lot of great men and a lot of great women helped me achieve what I have achieved. I don’t forget that.... Seek help, and when you get to the point [that you can] give it back,” do so.

▶ **CONTINUOUSLY LEARN, IMPROVE, AND GROW**

“It’s easy to fall into your niche, find something you’re really good at, and keep doing it over and over and over,” Bayles said. “If you ever want to move beyond that point, you have to stretch yourself. Do something that’s a little bit scary, and after a year it won’t be scary any more.”

▶ **TAKE CARE OF YOUR PEOPLE**

“It’s not just about what you need from them,” said Bayles. “It’s about actually caring about what’s going on in their lives, what’s going on in their careers. Sometimes that’s in direct conflict with what you need. You, as a leader, need to step back and think about what’s better for the person in question.”

▶ **BE A SALESPERSON**

“No matter what job you are doing, everybody is in sales and marketing.” In her current role working with all the different departments within Tasty Baking Company, “I sell my ideas. I sell things that may not be popular in the company. I sell insight. I sell strategies. I’m selling me: ‘I’m credible. You can trust me. I know what I’m doing.’” Being right isn’t enough, she added. “If you have the best solution, the best idea, it does not matter, if people do not buy into your idea.”



# Citigroup's Sallie Krawcheck Talks about Leadership, Ethics, & *How to Survive on Wall Street*

## **SALLIE L. KRAWCHECK ONCE TOLD**

an editor at *Fortune* magazine that going to an all-girls school in Charleston, S.C., was tougher than surviving on Wall Street. "I had the glasses, the braces, the corrective shoes," she said in the *Fortune* article. "I was half-Jewish, half-Waspy. I couldn't have been [more of an] outcast. There was nothing they could do to me at Salomon Brothers in the 1980s that was worse than the seventh grade."

Krawcheck more than survived her middle school traumas, not to mention Wall Street. Every year for the past several years, she has been named one of *Fortune's* Most Powerful Women in Business and is now chairman and CEO of Citigroup's Global Wealth Management division.

To be a leader, Krawcheck told students during a Wharton Leadership Lecture, "you have to have really thick skin, and in order to be successful you have to learn to take rejection." (At the time of the lecture—Fall of 2006—Krawcheck was chief financial officer and head of strategy for Citigroup.) Plus, she added, "there is just no substitute for hard work, none." And you have to accept that people are occasionally going to be mad at you, and that you may have to "zig when everyone else is zagging."

And one more thing: You cannot "embarrass easily," she said. "When you do things that are different, people will tell you that you are crazy, you are wrong, they will attack you, argue with you in meetings, say things behind your back. But I cannot be embarrassed any more. I fell on national TV, and my children have

it on TiVo and they love it. As I was going down, I was thinking, 'Oh dear, this is going to be bad.' But I went right back up and I didn't let it bother me for a second. So you just have to say, 'I'm out there, things are going to happen,' and you have to be ready for it."

But even more important is accepting the fact that "leadership can be very lonely. Leadership is sometimes consensus-building, but leadership is very often making decisions and leading a group to a place where they may or may not want to go. I learned very quickly that you better be pretty darn comfortable being uncomfortable. Leadership can be a very uncomfortable experience."

## **Wall Street's "Mrs. Clean"**

Krawcheck traced her rise from investment banker and research analyst to one of the most prestigious jobs on Wall Street, sprinkling her lecture with self-deprecating stories delivered with a wisp of a Southern drawl.

She was funny: "I hate those magazines that say, 'You can do it all.' I do not do it all. I do not. I work. I work, and then I work. And if any of you are disillusioned and you want to be CFO and not work very hard, I'm sorry to give you the bad news. I've got my kids, I've got my husband.... We don't go out. We do not have those 'Saturday night dates' that everyone says they have.... I didn't exercise until six months ago [when] I was over 40. But you can't do it all. I've made joyful choices. I'm thrilled to do what I do and I couldn't love it any more, but it is all about hard work."

She was animated: She snapped her fingers to drive home a point; she whistled once to illustrate a story; she tapped on the podium ("Touch wood") while admitting that "there is an element of luck" to finding success in any career and that she is very superstitious. "I keep my fingers crossed, I don't have a black cat walk in front of me, and I don't walk under ladders."

And she was serious, particularly when alluding to business maxims that helped drive her efforts to restructure Citigroup's Smith Barney equity research business in the wake of a corporate scandal in 2002, or dealing honestly with today's efforts to boost her company's languishing stock price and deliver earnings growth. "I can tell you, as CFO, the first thing I say to folks who work in a financial organization, the first and most important thing is that the numbers have to be right," said Krawcheck. "I can tell you personally that I have reported quarters that disappoint the Street. It hurts...and it shouldn't. As CFO, you should be able to wake up on the morning of the earnings call and say, 'Hey, it is what it is.' But you can't. So what I've done, personally, is I've stopped giving earning guidelines to the Street."

Krawcheck's insistence on corporate ethics, honest numbers, and solid research-based reporting has earned her a reputation as Wall Street's "Mrs. Clean." Her photograph even once appeared with the headline, "The Last Honest Analyst." This reputation started when she was a prestigious Morehead Scholar at the University of North Carolina. After graduating with a journalism degree, she moved to New York and a job as

an investment banker with Salomon Brothers. She didn't like it, so she went to business school at Columbia University "to break out of investment banking, graduated during the recession, couldn't find a job," and went back to being an investment banker at Donaldson, Lufkin & Jenrette. After a year, she decided that she didn't want to be an investment banker any more. Pointing to the audience, she added,

me twice; they weren't sure I got the letter so they sent it twice. What I quickly learned is that in order to be successful, you have to learn to take rejection. You can't give up. I got very thick skin. The only job I accepted is the only job I got."

### A Training Ground for Leadership

She was hired to be a research analyst at Sanford C. Bernstein, a research

#### ► ACCEPT THAT YOU ARE NOT PERFECT.

As a research analyst, "you have the opportunity to be wrong a lot. Every day, the market tells you if you are right or wrong. You learn pretty quickly that you must get over it.... Making mistakes is part of it. You use all parts of your brain, you get negotiating skills, and you are constantly learning from the clients as well. That's very important."

#### ► DEVELOP A HEALTHY EGO.

"Maybe we are not supposed to talk about this, but the only way you become a successful research analyst is to have a healthy ego, revel in your success and make a name for yourself. Part of it is that if you want to be successful, you've got to be out there. Being a leader is not necessarily [about] shining a spotlight on yourself but going into the spotlight when it's important to get your message across."

#### ► MAINTAIN THE ABILITY TO LOOK FORWARD.

"You always think, as a successful research analyst, not about what happened but about what's going to happen. You develop a point of view that is not backward looking. You are always looking forward, you execute, you communicate and you get it done."

After a few years at Bernstein, Krawcheck had become known as one of the most influential analysts in the financial field. She was promoted to director of research. "It was a great learning experience. I immediately grew an even thicker skin because almost everyone in the research department quit because they didn't want to work for me. 'Gee, you got here after we did; you're too young; you're a woman; we don't like you.' How do you get back from something like that? Well, you recover, you rebuild, you grow. After having a job as an analyst where it was all about me, I learned very quickly that being the director of research was all about them, the other research analysts, and celebrating their successes. Being a director of research is a cross between being a teacher and a psychiatrist. You have to completely subjugate your ego."

**"Leadership is sometimes consensus-building, but leadership is very often making decisions and leading a group to a place where they may or may not want to go."**

"And I did not do what you're going to do: You are going to take your time, discuss the pros and cons of what to do next, find a new job. I got married, got pregnant, and quit."

Krawcheck claims that being pregnant and being home with a baby is "when my business education started.... I discovered pretty quickly that I am really not a fit mother," she said jokingly, although her humor didn't hide the point, which is that Krawcheck achieved a clarity about her career path that few working mothers resolve so quickly. "My husband and I decided I would be better off if I went to work," she said. "And after that, for me, it has never been a question."

Learning from past mistakes, Krawcheck carefully thought out her next career move. While she enjoyed the qualitative work and adrenaline, rush of deadlines that characterized investment banking, she wanted to have time for her family and not be "beholden to the rhythms of a team." She decided to be a research analyst, and in 1994, she sent her resume out all over Wall Street. Everyone she applied to turned her down. Krawcheck listed them at a fast clip—Salomon Brothers, Goldman Sachs, Merrill Lynch, Morgan Stanley, Smith Barney. "Smith Barney rejected

boutique that did no investment banking or underwriting. "I have to tell you, I loved this job," said Krawcheck. She knows that being a research analyst "is a little out of style, a little 1990s, but it is an unbelievable training ground for leadership." Why? Because being a research analyst provides training in the areas that Krawcheck considers essential to being a good leader:

#### ► LEARN TO WORK ALONE.

"The research analyst's job is a pretty singular responsibility, really depending on [one's self] without gathering consensus from a team."

#### ► BE COMFORTABLE BEING UNCOMFORTABLE.

"If you go out and recommend a stock, and everyone says, 'What a great stock,' and you feel very comfortable and happy, most likely that stock is not going anywhere. Because if everyone likes it, everyone has already bought it." When she was talking to large mutual fund managers about why she liked XYZ stock, and they told her they didn't like it, "I had the opportunity to change minds.... Leadership, to me, can be a very uncomfortable experience, going someplace where people are not ready to go. As a research analyst, I had years of practice in doing this."

In 2002, Sandy Weill, founder and head of Citigroup, hired Krawcheck to be the CEO of Smith Barney (formerly Salomon Smith Barney), Citigroup's stock research and retail brokerage operation that Krawcheck the analyst had frequently clashed with. At the time, the research unit was in crisis after one of its superstar telecommunications analysts was found to be championing stocks of companies that were headed toward bankruptcy.

From this position, Krawcheck fashioned another of her hard-earned leadership tips: "Keep your mouth shut for the first three months. Take the opportunity to learn. And what I learned during that period of crisis is that, first, you should not over communicate. And second, you need to simplify, simplify, simplify. People want to know where you are going to take us, how we are going to get there, and what's in it for me. That's all they want to know. They really can't see different shades of blue or green."

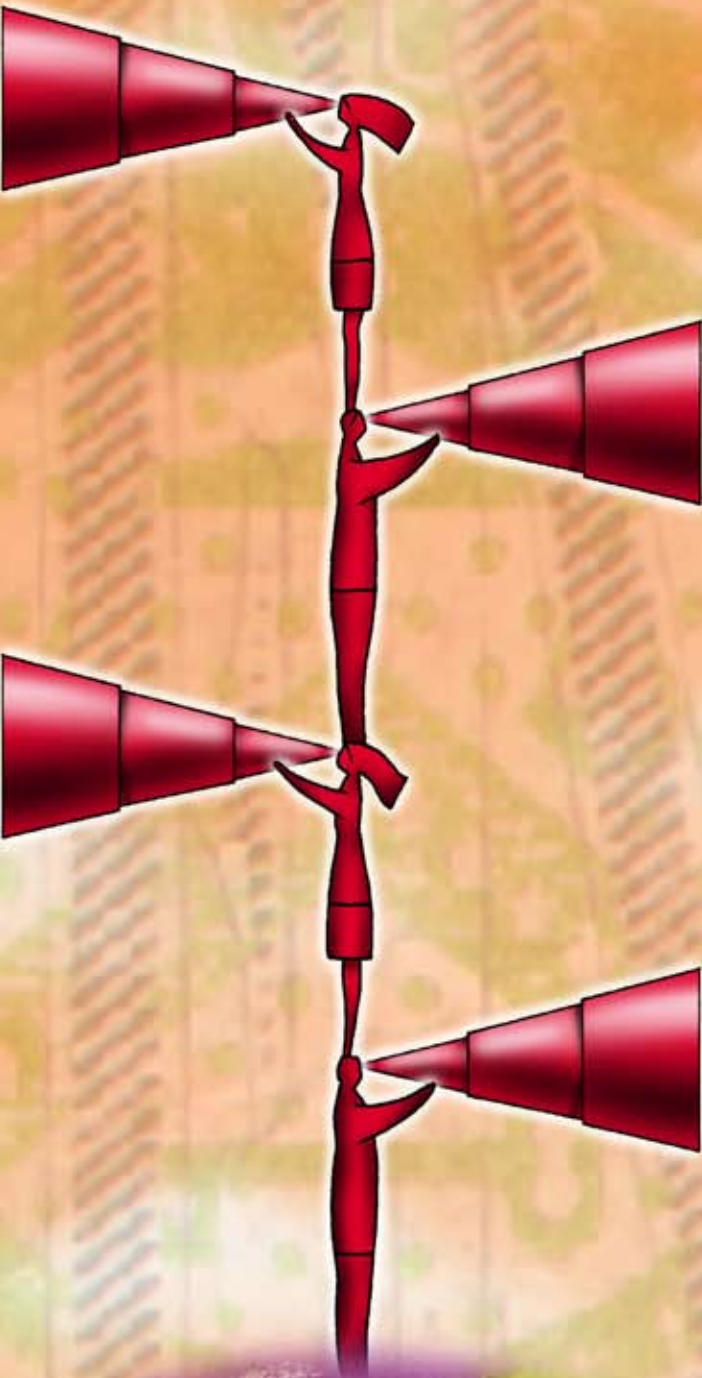
Two years later, in November 2004, after successfully restructuring the equity research business, Krawcheck was named Citigroup's CFO. "I like to say

**You have to accept that people are occasionally going to be mad at you, and that you may have to "zig when everyone else is zagging."**

that I'm the CFO, but I call myself the 'CF NO,'" said Krawcheck. "Because I spend a lot of time saying 'no.'" Though Krawcheck says "no" quickly to

financial deals that don't measure up, she suggests another approach when it involves a career opportunity. Her advice here is that "when you are offered something, don't say 'no.' Go home, think about it, and if you must say 'no,' say 'no' the next day."

Krawcheck's final piece of advice: "Lose the arrogance," she said. "Some of the most successful people I know are smart. They work hard, they have great insights, and they know it. That really turns people off. So many great leaders are humble.... When you get to your company and you start working, no one will care for long where you went to school or what your GPA was. They are going to care what you are doing then and there. If you are arrogant, if you make others feel not as smart as you are, it really puts people off. Take it home and feel pleased at home, but at the office, let your actions speak for you." ■



## The Feminine Touch: *Looking for Talent Without Distinguishing Between Genders*

**GRADUALLY, OVER THE COURSE OF THE 20TH** century, many companies and governments around the world developed a new perception of the role of women in the workplace and universities. Little by little, many women have risen to higher positions in academics, politics, and the professions. These women are confident that they can be more efficient than men. According to Nuria Chinchilla, a professor at IESE Business School in Madrid, women are continuing to use their special talents—their “feminine genius and energy—to transform society and modern companies” during the 21st century. Chinchilla spoke during the second International Conference on “Women, Enterprise, Society in the Twenty-first Century,” held at IESE in April 2006.

The conference brought together leaders from business, academia, and politics, both from Spain and other countries. The participants launched a dialogue about the challenges, achievements, and obstacles that professional women face in their working environments. Several distinguished executives shared their experiences and viewpoints about how they have developed their own careers and achieved professional success. They also discussed the obstacles that women face in management and the solutions that they have applied at their companies.

According to Chinchilla, every woman must directly deal with difficult obstacles in order to achieve the ambition of a good life that fulfills professional goals and the roles of mother, wife, and citizen. To achieve total integration and harmony, they must move toward a new concept of success that involves freedom and flexibility in their corporate cultures as well as social conditions.

Governments always play a helpful role, but women favor global policies that assist and promote the total participation of women in all aspects of life, including politics, business, and the family.

Juan José Toribio, the professor at IESE who established the conference, began by noting that both entrepreneurs and managers must maximize their potential for humane and ethical behavior. "At IESE, we try to incorporate women into the cloisters of academia. One of our main challenges is to confront every sort of discrimination against women. We are totally opposed to squandering feminine brain power."

Chinchilla, who has conducted two of these conferences during the past year, said that the current century is a defining moment for women. But if women are to achieve success, "men must [also] play a role." According to Chinchilla, women have a much greater ambition than men, "although to achieve success, both genders must work together." Chinchilla recalled the words of Alvaro d'Ors, a professor at the University of Navarre in Spain. In place of the revolutionary threesome of liberty, equality, and fraternity, d'Ors offered "responsibility, legitimacy, and paternity." Chinchilla noted, "No two people are alike. So why not talk about diversity instead of equality?" She emphasized that fraternity is a term that could refer to either maternity or paternity.

### First Steps by the Nigerian Government

Until 2003, Ngozi Okonjo-Iweala, Nigeria's current Minister of Finance, was vice president of the World Bank. She is one of only three women in the world to hold that position. Her task now involves reorganizing a country that has been ranked the second most corrupt country in the world, after only Bangladesh. Her goal is to guarantee that Nigeria's huge oil revenues (36 billion in 2005)—which are misspent by the country's small elite—are used for providing drinkable water, schools, and health care for Nigeria's 137 million people. Ibukun Awosika, founder of the Christian Missionary Fund, which provides support for missionaries

in Nigeria, said, "Nowadays there are a lot of women in strategic positions in the Nigerian government, and they are introducing a lot of changes. They are also a source of inspiration for many young women who are starting to emulate the model created by these high-level women, and are introducing changes for the country." Awosika, a mother of three, is also managing director of Soka Chair Centre Ltd. She added that women in high positions in Nigeria "got there through hard work, not by being elected." She issued a call for "finding the freedom that we need so we know what to do; we have a responsibility to ourselves and to our society."

"Success in life has to do with the broadest meaning of the word," said Janne H. Matlary, a professor at the University of Oslo, and a mother of four. In her speech, Matlary said that power and money are "very addictive." She added that business leaders are increasingly motivated by brands, not by products. Success should be measured in terms of work that is fulfilling to every individual. Matlary supported the concept that when people demonstrate that they are responsible parents, "they change the way they interact with their employees." Political and social conditions do not favor reconciliation between the demands of the family and those of the workplace. "Nobody can measure how much is lost when a woman works outside her home." Matlary urged people to recognize the importance of work that involves no remuneration, "such as taking care of the children and the home."

### Toward a New Paradigm

Another speaker at the conference was Chong Siak Ching, who has been president and CEO of Ascendas since January 2001. Ascendas is the leading

provider of business space in Asia, with a presence in 10 countries. Siak is a member of the Asia Pacific Economic Collaboration Business Advisory Group (ABAC), and she advises governments about how to improve economic conditions for women in Asia.

"In Malaysia, women are undervalued but it is very encouraging to think that little by little the situation is changing." In Singapore, as well, leaders are very authoritarian. They do not react, they are afraid of risks, and they don't take criticism well because almost all of the leaders are men. Siak argued that women are ready to confront these complexities. "We women are creating a new paradigm. We have a more holistic vision, which makes us more



prepared to be leaders; we don't have to be just like men."

However, many women give up their business careers because it seems impossible for them to pursue both their personal and professional goals. As a result, many talented people are lost along the road. At IBM, every worker was asked what was needed to create the perfect working environment. "We want to emphasize a business culture that is more focused on getting results than on how many hours are spent at the office," said Amparo Moraleda, the woman who became president of IBM's Iberian operations in July 2001. "The old culture still believes that those people who spend more time in the office are more committed [to their work]." The secret of successful "head hunting" is to know how to go beyond the generic to the specific;

to put a first name and a last name on an idea, and expose employees to different challenges that provide you with assurances that they can develop.

“To sustain its corps of leadership, a company must be able to recognize, attract, and keep talented women,” added Moraleda. For her and her company, the greatest asset of any company is the wealth of knowledge of the professionals who comprise it. IBM tries to take advantage of everyone’s skills. To that end, IBM has developed procedures for facilitating the promotion and development of women. “Promoting diversity is a basic component in innovation, and in creating a competitive advantage,” said Moraleda, noting that people are the key to success in any organization, especially those companies in which innovation, creativity, and/or customer service play an important role. Moraleda argued that an intelligent enterprise should not skimp when it comes to preparing its corps of future leaders. “Increasingly, the process of incorporating women into professional life is becoming more proactive. We’re on an unstoppable course toward achieving reconciliation between family life and work.”

### True Talent Makes No Distinction Between Genders

Establishing a culture in which there is a healthy balance between work and family is the main goal of Jaime Aguirre, human resources director of Ferrovial, the Spanish construction company. “Talent does not distinguish between genders,” said Aguirre, a father of five. He agreed that today’s employees become much more productive when they manage to reconcile their family life with their work schedule. Three years ago, Ferrovial established a code of professional ethics, which went into effect this year. “We are evaluating the productivity of our employees.” Among the features of this plan are early working hours at the office, intensive workdays that fit into school schedules, permission for breast feeding, and assistance for disabled employees.

Construction is a hard sector for women to enter. At least that’s what people thought until recently. According to Rafael Montes, human resources director at Acciona, the fourth-largest construction company

in Spain, the most important thing is to change the mentality of males. “When you have a responsibility but you don’t help out, you should be doing something. Males need to be conscientious about sharing all the housework with women.” He added that a lack of education has

economy is losing a significant amount of value because many female professionals with experienced positions have a hard time reconciling their working life with their personal life, she said, noting that it costs 1.5 times as much to replace a good professional employee as it does to retain

**“More and more, other factors are becoming the key to attracting and retaining people in companies—such aspects as the quality of life for both men and women.”**

created a culture that doesn’t favor integration of men and women. He argued that everyone has a responsibility to find his or her proper role in society. That would contribute to changing the male mentality so that “women can develop our society by using their talents.”

According to Macarena Cassinello, Nissan’s General Manager in Europe, the value of a company increases when it guarantees “equality between the headcount of employees by gender in those markets we are involved in.” The automobile world is a sector managed and directed almost exclusively by men, she added. “We cannot compromise quality but if female candidates apply, we can hire them if they have the right skills,” Cassinello said. Nissan is pursuing an aggressive policy of improving the position of women, and the company has already made strides in improving interpersonal relations. Labor unions have more power. Clearly, “women have the attitude that they will permanently improve the working environment,” she added.

### In Search of Personal Equilibrium

Success in life is not about achieving your goals in only one area of your life and sacrificing everything else. “Knowing that there is a balance permits me to continue to contribute value, and to feel good about every aspect of my life,” explained Maria del Mar Ares, a partner at Ernst & Young in Spain. She added that true success means achieving a “life with value”; it’s not about the external factors that people normally identify with success. The

one. Retaining women with talent will save a great deal of money and contribute a great deal of value to companies.

In the future, women will be the raw material for companies to mine for greater talent “because it is a fact that there is a shortage of qualified personnel,” said del Mar Ares. Traditionally, many women who are approaching the age of 30 and becoming mothers reconsider their careers and decide to make a change. They think that the responsibilities of their jobs are not compatible with their private lives. However, the new generation of the twenty-first century has a very different mentality than the dominant viewpoint of 10 or 20 years ago.

“More and more, other factors are becoming the key to attracting and retaining people in companies—such aspects as the quality of life for both men and women,” added del Mar Ares. Most people think that there is no discrimination when it comes to offering promotions to higher positions. It is a matter of personal choice. A woman’s career can come to a screeching halt if she cannot manage to reconcile both roles. Nevertheless, the latest data shows that most women in Spain who have achieved managerial positions and partnerships are also married and have children. “In Spain, four out of our ten newly promoted partners have been women, and three of those women were expecting their second child,” del Mar Ares noted. ■



# For Estee Lauder's Thia Breen, a Successful Career Is Made Up of “People, Passion, and Performance”

**IN HER KEYNOTE ADDRESS AT THE** 28th Annual Wharton Women in Business Conference in Philadelphia, Thia Breen, president of Estee Lauder Americas and head of Global Business Development, cited three factors that have elevated her to one of the most powerful positions in the American retail market: “people, passion, and performance.”

The theme of the event was “Business & Beyond: Forging Our Own Paths in Career and in Life.” The daughter of a small-town druggist in Benson, Minn., Breen knows quite a bit about forging a career. “I guess I have always had ‘retail’ in my blood,” she said. “I’m still selling cosmetics and my brother runs the drug store back home.”

The turning point in her own career came relatively early, she noted. “That was the day I learned I was about to be fired, or, let me correct that—almost fired.”

As a young graduate of the University of Minnesota, Breen had gone to work for Marshall Fields, the retail chain, in Minnesota. Work was her only option then. “I had borrowed money off my grandfather to buy a car,” she said, “and I was facing car payments, plus paying him back. I really needed a job.” The only opening in the store was in the toy department. Breen took it. “It was a two-person department, me and the woman I worked for. I counted stock, I transferred stock, and I ordered stock. It was hard work and very physical work. When the trucks came in, I ‘received’ the stock—which is the same thing as unloading it.”

Breen said she made the most of that opportunity. “After about six months,

our department was the best-performing unit in the store, and I wanted some recognition. The woman I worked for never had much to say, so I talked to the manager and asked him about a promotion.” But Breen was shot down. “‘Nobody gets promoted out of that department,’ he told me. ‘The woman you work for just doesn’t do promotions. Ever.’” That was bad enough, Breen said—but then he added, “I think you’re going to be fired, anyway.”

Breen was stunned and asked him why, noting that the department’s numbers had gone up. His response: “The women in the regional office just don’t like you. The decision has been made.”

The incident taught her a critical lesson. “That was the moment I started to understand: I am totally responsible for my own success.... Up until that point, I kept expecting—believing—that there would always be someone else there to [take charge of my career]. I also learned that it is entirely up to you, and you alone, to ask for what you need.”

Shortly after that, as she was preparing to leave, the store manager asked Breen what she knew about cosmetics. “The answer was, ‘Not much.’ But I wasn’t going to tell him that. So, instead, I said something like, ‘I know I can learn everything I have to know in three months.’”

And that was the real beginning of Breen’s career.

“There will be times when life seems unfair,” she told her audience, “but

navigating those times will be the most important thing you can do.”

## **Bleeding Clinique Green**

Continuing her career in cosmetics soon meant relocating to Los Angeles, Calif., as a Clinique account executive for The Estee Lauder Companies. “My blood was about to turn ‘Clinique green,’” Breen noted. It was 1977, and she was immediately taken with her new assignment: organizing a sales team to begin selling the newly introduced Clinique cosmetics product line in a territory of 25 stores. “I saw all these women walking around in long white coats; they seemed to be so special and so apart from the rest of the stores. I really loved that idea.”

She relished the challenge of putting together what she calls “the high-performance team.” “If you can achieve that, you can achieve anything; that’s the ‘people’ part of the formula,” she said. “The rest follows from the team-building. The ‘passion’ for what you are doing has to be there, of course, and the team gives it an outlet. Put those together, and you can turn it into high ‘performance.’”

This was where Breen also learned how to manage. In order to manage well, she noted, you must have a firm base of account knowledge and service skills. But her experience in the pharmacy and the department store, stocking toys, had already given her a formidable array of service skills.

“That’s hardly where it ends, though,” Breen said. “You develop the ability to manage by giving the people who work

for you honest, direct feedback and letting them know what they're doing right and what needs improvement. That's the best thing you can do for them. How well you work with your people will make or break your career. And, if you are charged with developing a high-performance team, learning how to let someone go with dignity is a very important part of it. I became acutely aware of this because I hadn't been shown [such consideration] back in Minnesota. I was determined never to make another person go through that."

Through Breen's and her team's efforts, Clinique became the top performer for Estee Lauder in California. But a new launch was just around the corner: By 1985, Breen would get a promotion to national sales manager as a member of the founding team for Origins. "The Origins line was launched in department stores next to Clinique. It was aimed at the customer who had to be the first one on her block to have something new in the prestige beauty and 'repair' cosmetics line. The quality was certainly there. But, putting it right next to Clinique, which had become the number-one cosmetics product in American department stores, was not the way to do it."

Breen felt that the team had gotten away from its core focus, which she described as "what we do best—helping customers get great skin through great products and great service." Clinique and Origins were fighting each other. "That kind of competition can be great for business

out, would be to launch a line of separate, stand-alone stores, just for Origins.

By 2001, with the learning curve of the Origins experience behind her, Breen had become a major force in the cosmetics industry. She was now senior vice president, general manager, Clinique North America, and her grasp of the market was firm. "Our customer has, collectively, \$2 trillion to spend, and she still shops in a department store. She still buys our products because she knows they're for her. The Lauder brand is the more mature brand. The Baby Boomers trust us."

Personally, Breen was enjoying recognition as never before. She had been one of the first top-level executives to champion innovations like job-sharing, and her emphasis on intense team-building had become an industry role model and mantra.

### Taking Risks

Despite her success with Estee Lauder, Breen made an unexpected switch back to department stores in 2002, when she joined the Federated Merchandising Group (Macy's and others) as senior vice president of cosmetics and fragrances. "I took the risk," Breen said. "In our category, 8,000 new products were launched last year alone, and most of them end up in department stores. At either end of cosmetics, manufacturing or retail, the business is still all about possibilities and great partnerships. And I include partnerships inside and outside

"I was a tough sell this time," she said. But, sold she was, and she re-upped with the cosmetics behemoth as president of Estee Lauder Americas. Her recent promotion, in which she now oversees all of Lauder's global development as well, turned out to be a career capstone.

Breen is the first to admit that earlier in her career she was the essence of "all work and no balance." And, that was a problem. "You have to be able to evaluate your work habits and ask yourself why you are working all the time, if you are. That isn't a good thing." For Breen, work no longer spills over into seven days, although her travel schedule would exhaust a secretary of state. "Dubai, Japan, Korea, Belgium, Paris, London, some other Asian nations, and Canada; that's about six weeks' worth. At this point, San Francisco seems like a bus ride.

"I had not taken the time to give back to the community, and I made sure I changed that, too," she said. This giving back includes Breen's chairmanship of the Mother's Day Council, which, along with the Father's Day Council, is dedicated to publicizing the months of May and June as a time to honor mothers and fathers. She is also an active board member of the Skin Cancer Foundation and Fashion Group International, among others.

And, as the busy new architect of Lauder's global expansion, Breen has some very definite ideas. "It's no longer enough just to be a 'Western' company," she said. "That might have worked even as recently as five or six years ago. Not now. Local competition, as long as it offers quality products, is pushing our industry harder and harder. The competition tends to be boutique and somewhat localized. We really have to get rid of that one-size-fits-all approach in cosmetics. That's especially true in Asia, where the potential market is so big and so promising."

She added: "But, basics are still basics. That's product quality, targeted messages, identifying and listening to your core customers, and staying tuned to what they want. It's still about protecting your brand equity through strategic decisions and building teams and partnerships." ■

**"You develop the ability to manage by giving the people who work for you honest, direct feedback.... How well you work with your people will make or break your career."**

and energizing," Breen said, "but what we figured out was that to succeed, Origins also had to have that 'store-within-a-store' concept that had worked so well for Clinique. It needed a completely new business model. It couldn't be sitting there next to Clinique. That's the fascination of retail." The ideal business model, it turned

the company. Change in any position is broadening.... I was convinced that I would spend the rest of my career, very happy and still learning, at Federated."

The "rest of" Breen's career turned out to have a shelf life of only three years. In 2005, she was lured back to Estee Lauder.



## Audio Instructions

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